

Employment Training Panel



Potential Revisions to Program Areas
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Potential Revisions to ETP Program Areas

- In an effort to simplify and streamline various areas of the ETP program and processes, staff has been reviewing and brainstorming ideas for potential revisions to the following seven areas:
 - 1) Health Care Benefits (p)
 - 2) Substantial Contribution (r)
 - 3) Funding Priorities (p)
 - 4) Wages (p/r)
 - 5) Reimbursement Rates (p/r)
 - 6) Non-Traditional Apprenticeships (p)
 - 7) Delegation Order (p)



Health Care Benefits: ETP Rules

- ▣ Unemployment Insurance Code (UIC) 10201 (f) allows Panel to consider voluntarily paid Health Benefits to meet our wage requirement
 - No dollar amount limits or verification requirements are listed
- ▣ Reg 4418 allows medical/dental/vision premiums paid by employers to be used to meet the wage. These payments must be reliable and verifiable with documentation.



Health Benefits: ETP Current Practice

- ▣ Applicants are allowed to use the amounts paid by employers for health/dental/vision premiums to assist them in meeting the ETP minimum wage
- ▣ Currently, approximately 8-10% of all ETP trainees need to use health benefits to meet the ETP minimum post-retention wage. These trainees are spread over approximately 50% of all ETP projects.



Health Benefits: Potential Alternate Options

- ▣ Set the maximum amount per hour for health/dental/vision benefits to \$2.50 per hour
 - This is the average employer cost for Single Payer plans.

- ▣ Health benefit wages must be verified by:
 - Collective bargaining agreement wage tables for those trainees covered by a Union; and/or
 - Employer certification for those trainees not covered by a Union



Substantial Contribution: ETP Rules

- ▣ UIC 10209 (c) allows ETP to require applicants to contribute proportionately more to training workers 'at a facility' that was already included in a prior project.
- ▣ Regs 4410 (a), (d), & (e) establish the 15%-30% and 30%-50% limits for locations that have earned over \$250,000 in the last five years.



Substantial Contribution: ETP Current Practice

- ▣ ETP follows the formula laid out in the Regulations to assess a Substantial Contribution to locations that have earned over \$250,000 in the prior five years.
- ▣ In the last five FYs (13-17)* there have been:
 - 53 contracts assessed a 15% Substantial Contribution
 - 36 contracts assessed a 30% Substantial Contribution
 - 13 contracts assessed a 50% Substantial Contribution
 - ▣ * out of approximately 1800 projects



Substantial Contributions: Practices in Other States

- ❑ No other states use Substantial Contribution in the way ETP does.
- ❑ Some states put a waiting period for new application for 6 months to a year after the prior project has termed out. (MA, TX, NY)
- ❑ One state allows 2 contracts within a 5 year period. (WA)
- ❑ One state limits multiple employers to 2 projects per year with a cap of \$80,000, and limits single employers to one project every other year. (FL)

Substantial Contribution: Potential Alternate Options

- ▣ Single Employer contractors will be subject to Substantial Contribution if:
 - The employer receives two or more contracts with start dates that fall within three consecutive fiscal years; and
 - The contracts total \$400,000 or more.
- ▣ The Substantial Contribution shall consist of a prohibition of the employer receiving a new ETP contract with a start date less than two years after the termination of their most recent contract.



Funding Priorities: ETP Rules

- ▣ UIC 10200 (b) requires Panel to set priorities for projects that reduce layoffs, promote manufacturing, develop career ladders, and/or in other ways enhance CA's economy.
- ▣ UIC 10214.5 (b) requires Panel to set priority industries
- ▣ Reg 4405, 4416, and 4402.2 allows ETP to set project caps, limit contract terms, apply in-kind contributions & substantial contribution, give priority to industries, new hires, small businesses, and critical proposals.



Funding Priorities: ETP Current Practice

- ▣ ETP leverages:
 - Priority Industries by NAICS code
 - A subset of these are automatically eligible for Out-of-State Competition funding
 - Critical Proposals
 - Funding Caps
 - Funding Allocations
 - Priority Industries are noted in the Strategic Plan
 - Low Priority Funding project types
 - Adjusting priorities during the course of the Fiscal Year



Funding Priorities:

Potential Alternate Options:

- ▣ Accept Preliminary Applications for non-priority projects beginning on 7/1/17, but take no action on these projects until Panel assess the demand for priority projects.
- ▣ Assessment of demand for priority projects will be scheduled for the December Panel meeting.
- ▣ The Executive Director may grant exceptions to this guideline for projects with exceptional potential for the creation of large numbers of high-wage, high-skills jobs.



Wages: ETP Rules

- ▣ UIC 10200 (a)(1) states that a goal of ETP is to foster the creation and/or retention of 'high-wage', high-skilled jobs
- ▣ UIC 10201 (f) defines wage as used by ETP
- ▣ Reg 4418 sets wage criteria, and says that all wages must be reliable and verifiable by ETP contractors
- ▣ Reg 4409 establishes the SET wage
- ▣ Reg 4429 establishes the HUA wage



Wages:

ETP Current Practice (1)

- ▣ ETP uses a Wage Table that takes into account the state average wage, SET vs OSC funding source, HUA area vs non-HUA area, trainee population, new hire vs retrainee status, county, and standard wage levels
- ▣ Wages are shown on a Wage Table (see next slide)
- ▣ All wages may be further adjusted to include Health Benefits



Wages:

ETP Current Practice (2)

Employment Training Panel - Trainee Wages

ETP Minimum Wages for calendar year 2017

(Health benefits may be used to meet all wage requirements, subject to Panel approval)

WAGE NAME	Previous Name	Attributes with the wages
STANDARD		SET Multiple Barriers; HUA; Seasonal Workers; all programs not specified
REDUCED STANDARD	HUA Wage	Approved HUA Waiver; Approved Seasonal Worker Waiver
STATEWIDE AVERAGE	SET Wage	Special Employment Training (SET)
MODIFIED STATEWIDE AVERAGE	SET Wage	Priority Industry; Critical Proposal

STANDARD WAGES			REDUCED STANDARD WAGES (HUA)	
COUNTIES	NEW HIRE	RETRAINEE	NEW HIRE	RETRAINEE
	MINIMUM WAGE AFTER RETENTION	MINIMUM WAGE AFTER RETENTION	MINIMUM WAGE AFTER RETENTION	MINIMUM WAGE AFTER RETENTION
•Alameda •Contra Costa •Marin •San Francisco	•San Mateo •Santa Clara \$14.69	\$17.63	\$11.02	\$13.22
•Los Angeles	\$14.13	\$16.96	\$10.60	\$12.72
•Orange	\$14.35	\$17.22	\$10.76	\$12.92
•San Diego	\$13.94	\$16.72	\$10.50	\$12.54
•Sacramento	\$13.72	\$16.46	\$10.50	\$12.34
•All Other Counties	\$13.22	\$16.16	\$10.50	\$12.12
STATEWIDE AVERAGE WAGE (SET)		MODIFIED STATEWIDE AVERAGE WAGE (SET)		
TERM BEGINNING DATE Jan. 1, 2017 - Dec. 31, 2017	\$29.38	Trainees may earn up to 25% below the State average hourly wage. Workers must work in a priority industry sector or be funded for training under a Critical Proposal. This wage modification will be determined on a case-by-case basis		\$22.04

Wages:

Potential Alternate Options

- ▣ Divide the state into two or more regions that reflect the state's economy
 - For example: a lower wage Inland Region (like a HUA) and a higher wage Coastal Region
 - Set an ETP minimum wage \$3 above the state's minimum wage for all trainees (new hires & retrainees) in the Inland Region.
 - In the Coastal Region, set retrainees at 60% and new hires at 50% of the state average wage
 - Establish the SET wage at 75% of the state average wage
 - Allow a \$2.50 reduction for Health Benefits for all

Wages: Potential Alternative Options

▣ Sample Potential Wage Table

Potential ETP Wage Chart			
	New Hires	Retrainees	SET
Coastal Region: Standard	\$14.69	\$17.62	\$22.04
Coastal Region with Health Benefits	\$12.19	\$15.12	\$19.54
Inland Region: Standard	\$13.50	\$13.50	\$22.04
Inland Region with Health Benefits	\$10.50 (CA State Minimum Wage)	\$10.50	\$19.54



Reimbursement Rates

- ▣ Currently, ETP's Fixed-Fee Reimbursement Rates are set using a complex combination of over a dozen variables.
- ▣ An option would be to simplify our rates down to four rates only: \$8 CBT, \$14 Apprenticeships, \$20 all Retrainees, and \$22 for all Special Populations.
- ▣ This is just an example of a potential simplification method.
- ▣ Due to the complicated nature of this issue, we will bring this back to Panel at a later date.



Delegation Order

- ▣ In FY 16-17 so far (through March Panel), there have been 188 projects processed through Delegation Order for a total of nearly \$10.5 million.
- ▣ In an effort to have Panel engaged in thoroughly reviewing all projects:
 - Cease or limit the Delegation Order process by lowering the DO project funding limit to \$50,000
 - All projects under \$250,000 would still remain on the Consent Calendar



Non-Traditional Apprenticeships: ETP Rules

- ▣ UI 10205 (c)(1) allows ETP to contract with groups of employers
- ▣ Reg 4400 (j)(3) defines one type of group of employers as the Joint Apprenticeship Training Committees (JATCs)

Non-Traditional Apprenticeships: ETP Current Practice

- ▣ ETP accepts JATCs that are Division of Apprenticeship Standards (DAS) approved Program Sponsors as a type of MEC.
- ▣ The Related Supplemental Instruction (RSI) portion of the Apprenticeship training is reimbursed by ETP when given in conjunction with an approved Local Educational Agency (LEA).

Non-Traditional Apprenticeships: Potential Alternative Options

- ▣ DAS has been starting to approve LEAs as Program Sponsors.
- ▣ To parallel this, ETP could develop a new Pilot Program allowing LEAs that hold Program Sponsor approval from DAS to contract with ETP.
 - This new pilot could receive approximately a \$2 million allocation.

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Next Steps

- ▣ We can bring 3 or 4 of these ideas back to Panel in June or July for further consideration.
 - Which would the Panel like to work on?
 - Note that changing anything with wages and rates will be complicated in the new ETMS system.
 - What would the Panel like more information on?

Questions?

Panel Members Discussion